



SUPPORTING SCHOOLS AND STUDENTS TO ACHIEVE

SHERRI YBARRA, SUPERINTENDENT OF PUBLIC INSTRUCTION

Allowable and Unallowable Costs

Allowable and Unallowable Costs

C.F.R Part 200. Subpart E-Cost Principles

All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Consistently treated as either direct cost or an indirect cost
3. Conform with federal law & grant terms
4. Consistent with state and local policies
5. In accordance with GAAP
6. Not included as match
7. Net of applicable credits (200.406)
8. Adequately (properly) documented



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Necessary Cost

Not “nice to have.”

If you catch yourself or someone else saying, “It would be nice to have ...”, then most likely it is not necessary to accomplish the objectives of the program in that it is not vital or required.

“Necessary” means it is vital or required in order to meet the objectives of the grant or for the grant to be successful.



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Unallowable Entertainment Expenses

(1) An invited speaker is in town to present a seminar. While here, you take him to dinner and a sporting event to show your appreciation.



The above costs are for “amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)” and therefore are examples of unallowable entertainment costs.



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Unallowable Entertainment Expenses

(2) It is the end of the Fiscal Year and you have survived another one. You decide to have a year end party for your department to lift morale. Catering delivers a luncheon in the conference room and everyone in the department gets together to socialize and unwind.



The above costs are for “amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)” and therefore are examples of unallowable entertainment costs.



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Reasonable Cost

Necessary to carry out objectives

Reasonable in cost- comparable to current fair market value



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Allocable Cost

Assignable or chargeable to the grant in accordance with relative benefits received by the grant during the grant period.

Must demonstrate how a particular cost benefits the specific population being served in the grant (ex: homeless students).

Allocability = proportionality

If cost benefits 1 grant program, entire cost can be charged to that single grant program.

If cost benefits more than 1 grant program, cost must be allocated among the grant programs (i.e., split-funded) in accordance with the relative benefits received by each program.



Allowable and Unallowable Costs

Supplement not Supplant

What does Supplement, Not Supplant Mean?

Supplement – to add to; to enhance; to expand; to increase; to extend; to create something new.

Supplant – to take the place of; to replace by something else.

An LEA must be able to operate its schools and its core foundation programs without any federal funds.

Federal grant funds may be used only to supplement the educational programs generally offered with state and local funds.

They may be used only to provide supplemental services that would not have been provided had the federal grant funds not been available.



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Am I supplanting?

Ask yourself : If I didn't have federal funds available to conduct this activity/service, would I still conduct it with state or local funds anyway?

Yes

If the answer is yes, you are most likely supplanting because it is no longer a supplementary activity. You must be able to demonstrate that you could not conduct the activity if it weren't for the federal funds.



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Direct Costs

200.413

Cost that can be identified specifically with a particular final cost objective.

"Cost Objective" means a function, activity, award, contract.

Typical costs: Compensation of employees who work on that award, their related fringe benefits, the costs of materials and other items of expense incurred for the Federal award.

Administrative and Clerical ONLY IF

- (1) Administrative or clerical services are integral to a project or activity
- (2) Individuals involved can be specifically identified with the project or activity
- (3) Such costs are explicitly included in the budget or have the prior written approval
- (4) The costs are not also covered for indirect costs

Indirect Costs

200.414

Cost occurred for common or joint purposes benefiting more than one cost objective.

Cost can be specifically identified with a particular cost objective without effort disproportionate to the results achieved.

Typical Costs: General administration, director's office, accounting, Human Resources, Payroll

Administrative and Clerical

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs.



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Education Department General Administrative Regulations (EDGAR) cover only general Cost Principles applicable to all education grants.

In addition to general cost principles, each program has specific program requirements and restrictions. Contact the State Coordinator assigned to each program.



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New: Title I, Part A guidance: Allowable and Unallowable Costs

- Examples of allowable costs
- Examples of unallowable costs
- Difference between schoolwide and targeted assistance program expenditures

*Please e-mail us a feedback
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Today's presenters:

Title I-A Basic

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IDEA, Part B

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Title II-A Teacher & Principal Quality

Title II-A Allowable Activities

- Professional Development (On Site or Off Site)
- Salaries/Stipends (Mentors, Instructional Coaches, Title II-A Program)
- Director, Substitutes for Title II-A PD Coverage)
- CFSGA Plan/Activities/Budget/Expenditures – all must align (Notes section of CFSGA is VERY important in checking the history of the plan approval and correspondence)
- Class Size Reduction (Limited Use with Criteria) *Criteria on next slide

**** iPads, laptops, computers, software – NOT allowable**



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Title II-A Teacher & Principal Quality

Class Size Reduction

2015-2016

**** NOTE:** Information from USDE indicates that CSR will no longer be an option once reauthorization happens.

1. Based upon a needs assessment,
2. Must reduce class size to 17 or fewer,
3. In grades k-3,
4. In classes taught by highly qualified teachers who adjust instructional strategies to fit reduced-class size,
5. For schools with at risk populations of students,
6. Where the effort is sustained for the cohort group for at least 2 years



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IDEA Allowability Checklist:



- Is the cost allowable under EDGAR (2 CFR 200)?
- Is the cost allowable under IDEA Part B?
 - Tied to allowable IDEA purpose?
- Is the cost allowable under IDEA's fiscal rules?
 - i.e. Maintenance of Effort, Supplement Not Supplant, Excess Cost
- 200.302(B)(7) NEW: Required written procedures for determining allowability of costs in accordance with Subpart E
 - Cost Principles
 - Identifies procedures on how to determine if the cost is needed to carry out the grant program properly and efficiently: explain how grants dollars or costs are necessary for the operation and or act as efficient performance of the federal award.
 - Identifies protocol on how the LEA followed sound business practices.
 - The procedures must explain all factors affecting allowability of costs, and the said document must act as guide and or training tool for employees



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IDEA Necessary and Reasonable *Practical Questions*



- Practical Questions
 - Do I really need this?
 - Is the expense targeted to valid programmatic/administrative need?
 - In your plan?
 - If not in the plan, it is not necessary.
 - Required in a student's IEP?
 - Required for Child Find Activities?
 - Is this the minimum amount I need to spend to meet my need?
 - Do I have the capacity to use what I am purchasing?
 - Did I pay a fair rate?
 - If I were asked to defend this purchase, would I be able to?
 - Are the costs adequately documented?

In general, **necessary and reasonable** means to an objective observer who could easily understand the decision to spend funds on an activity and or program needs.



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IDEA Excess Cost

For a particular cost to be allowed, it must be an excess cost of providing special education and related services. Only allowed costs may be charged to IDEA Part B or Preschool grants.

When determining whether a cost is an excess cost, ask the following guiding questions:

In the absence of special education needs, would this cost exist?

If the answer is...

- a. No, then the cost is an excess cost and may be eligible.
- b. Yes, then the cost is not an excess cost and is not allowed.

Is this cost also generated by students without disabilities?

If the answer is...

- a. No, then the cost is an excess cost and may be eligible.
- b. Yes, then the cost is not an excess cost and is not allowed.

If it is a child specific service, is the service documented in the student's IEP?

If the answer is...

- a. No, then the cost is an excess cost and may be eligible.
- b. Yes, then the cost is not an excess cost and is not allowed.



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IDEA Part B Funding Manual

www.sde.idaho.gov



DIVISIONS

Special Education Division

Special Education



Funding




Funding and Fiscal Accountability



 [IDEA Part B Funding Manual](#)

 [Report of Enrollment and Certification of Low Income Student Count](#)

 [Special Education Policies and Procedures Adoption Form](#)



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